

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 SS-15
NSC-05 LAB-04 SIL-01 TRSE-00 /061 W
-----028806 052022Z /73

R 051818Z MAY 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 1094
INFO AMEMBASSY LONDON
AMEMBASSY BONN
FAA BRUSSELS

LIMITED OFFICIAL USE SECTION 01 OF 02 PARIS 14490

E. O. 11652:N/A
TAGS: EAIR, FR
SUBJECT: CIVAIR: AIR FRANCE AND THE BOEING 737 PURCHASE.

REF: PARIS 12512

1. THE FRENCH PRESS IS PLAYING A STORY THAT BECAUSE OF THE UNION'S OBJECTIONS TO OPERATING BOEING 737S WITH ONLY TWO PILOTS AIR FRANCE HAS COMPLETELY ABANDONED THE IDEA OF OBTAINING THESE AIRCRAFT. STORY IN LE FIGARO FOR MAY 5 SUGGESTS THERE WILL BE NO REPLACEMENT FOR THE CARAVELLES WHICH ARE SCHEDULED TO BE ELIMINATED BETWEEN 1978 AND 1980 AND THEREFORE SOME ROUTES (PARTICULARLY THOSE FROM PROVINCIAL CITIES TO OTHER EUROPEAN/NORTH AFRICAN COUNTRIES) WILL BE ABANDONED BY AIR FRANCE TO EITHER POOL CARRIERS OR TO LOCAL SERVICE AIRLINES. EARLIER IN THE WEEK LES ECHOS REPORTED STRONG LETTER FROM ALL AIR FRANCE UNIONS CRITIZING FAILURE TO REPLACE CARAVELLES AND POINTING OUT THE "SERIOUS CONSEQUENCES" FOR ALL COMPANY PERSONNEL FROM A POTENTIAL LOSS OF 40,000 FLYING HOURS IN 1980.

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2. AN AIR FRANCE OFFICIAL HAS CONFIRMED THE GENERAL ACCURACY OF THE FIGARO STORY, BUT CAUTIONED THAT IT REPRESENTS THE CONTINGENCY PLANS OF THE CARRIER RATHER THAN A FIRM UNDERTAKING TO START RESTRICTING OPERATIONS. AIR FRANCE IS STILL HOPEFUL, HE SAID, THAT IT WILL BE ABLE TO OBTAIN THE BOEING 737'S ALBEIT AT A LATER

DATE THAN ORIGINALLY PLANNED. THE GOF, ANXIOUS TO IMPROVE THE CARRIER'S COST SITUATION, IS STRONGLY BACKING THE MANAGEMENT AND FENDING OFF UNION EFFORTS TO GET THE DECISION REVERSED.

3. OFF THE RECORD, HE STATED, THERE ARE ALREADY SOME SIGNS THE UNION POSITION MAY BE WEAKENING AS SOME OF ITS LEADERS HAVE SAID THAT THEY WOULD GO ALONG WITH THE TWO-MAN FLIGHT CREW ON THE 737 IF THEY HAD AN ASSURANCE THAT THE NEW EUROPEAN MIDDLE RANGE PLANE (THE JET WHICH WOULD REPLACE THE 737S) WOULD BE CONFIGURED BY AIR FRANCE FOR A THREE MAN OPERATION. THIS SUGGESTION, IN TURN, POSES PROBLEMS FOR THE POTENTIAL MANUFACTURERS IN THAT

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THE NEW PLANE IS ALSO BEING DESIGNED FOR A TWO MAN COCKPIT CREW BUT AIR FRANCE HAS RESPONDED THAT IT WILL ORDER THAT PLANE (IF AND WHEN A DECISION TO BUILD IT IS TAKEN) WITH THE SAME CONFIGURATION ORDERED BY THE COMPETING EUROPEAN LINES. THIS OFFICIAL IS THUS HOPEFUL UNION ACQUIESCENCE TO THE 737 WILL BE ACHIEVED AND, IF IT IS NOT -- IN HIS VIEW -- THE PURCHASE OF MORE 727S IS STILL LIKELY.

4. COMMENT: UNION INFLUENCE ON THE AIR FRANCE MANAGEMENT HISTORICALLY HAS BEEN STRONG AND HAS BEEN ENCOURAGED IN THE PAST BY THE GOF OBJECTIVES OF CONSIDERING THE CARRIER AS MUCH A SOCIAL WELFARE INSTITUTION (I.E., A MEANS OF DEVELOPING AND PRESERVING HIGH TECHNOLOGY EMPLOYMENT OPPORTUNITIES) AS A BUSINESS ENTERPRISE. SOME FIFTEEN YEARS AGO IN A SIMILAR DISPUTE THE UNIONS WERE ABLE TO SECURE THE RESIGNATION OF THE AIR FRANCE CHAIRMAN WHEN THE GOF CAVED IN WITH RESPECT TO A STAFFING DEMAND,. THIS SITUATION APPEARS LIMITED OFFICIAL USE

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TO BE CHANGING AS THE GOF IS ANXIOUS TO REDUCE ITS SUBSIDIZATION OF THE CARRIER AND TO IMPROVE ITS OPERATING EFFICIENCY. HOW THIS SITUATION WILL WORK OUT REMAINS TO BE SEEN.
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